



November 18, 2020

His Excellency, Governor Christopher T. Sununu and
The Honorable Council
State House
Concord, New Hampshire 03301

Business Finance Authority Loan to Belknap Economic Development Council Pursuant to RSA 162-A:7

Dear Governor and Council:

REQUESTED ACTION

Holding of a public hearing and passage of a resolution entitled: A RESOLUTION UNDER RSA 162-A:18 AWARDING AND APPROVING A LOAN UNDER RSA 162-A:7 TO BELKNAP ECONOMIC DEVELOPMENT COUNCIL. (For the text of the requested Resolution see Exhibit Two attached to this letter of transmittal.)

The Business Finance Authority of the State of New Hampshire (the "Authority") respectfully requests that you hold a public hearing and make the statutory findings under RSA 162-A:18, with respect to the proposed loan by the Authority to Belknap Economic Development Council (the "Borrower"), a local development organization, in the form of a revolving line of credit in the principal amount of Two Hundred and Fifty Thousand Dollars (\$250,000). The Authority recommends your favorable action and submits in support thereof, the following materials as designated:

1. a summary of the transaction
2. a proposed resolution for adoption by the Governor and Council
3. a copy of RSA 162-A:7
4. a letter from the undersigned explaining the transaction
5. a commitment letter extended by the Authority to the Borrower
6. an agreement between the Authority and the Belknap Economic Development Council, which when executed will evidence the local development organization's recommendation of the proposed loan transaction
7. a resolution adopted by the Authority on September 21, 2020, which recommends that Governor and Council approve the proposed loan
8. a summary of required statutory findings of the Governor and Council with reference materials to support each finding.

Financing for New Hampshire's Future

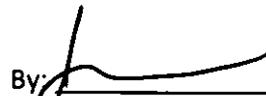
2 Pillsbury Street, Suite 201, Concord, NH 03301

Tel: (603) 415-0190 Fax: (603) 415-0194 www.nhbfa.com



The Authority would be pleased to furnish any additional documentation and information which you may request.

**BUSINESS FINANCE AUTHORITY
OF THE STATE OF NEW HAMPSHIRE**

By: 

James Key-Wallace
Executive Director

Loan Summary

Borrower: Belknap Economic Development Council (BEDC)

Location: 383 South Main Street
Laconia, New Hampshire 03246

Type of Business: Economic Development

Lender: Business Finance Authority of New Hampshire
2 Pillsbury Street, Suite 201
Concord, New Hampshire 033018

Amount of Loan: \$250,000 revolving line of credit

Type of Loan: Line of Credit

Purpose: The line will be utilized to provide loan capital for the expansion and retention of businesses in BEDC's region

Collateral: The loan will be secured by the assignment of existing BEDC loans upon establishment of the line. When the first draw is requested, an initial collateral coverage of 120% of the outstanding loan balance will be required. Collateral coverage will be reviewed and adjusted quarterly.

A RESOLUTION UNDER RSA 162-A:18 AWARDING A LOAN UNDER RSA 162-A:7 FROM THE BUSINESS FINANCE AUTHORITY OF THE STATE OF NEW HAMPSHIRE TO BELKNAP ECONOMIC DEVELOPMENT COUNCIL

WHEREAS, the Governor and Council (the "Governor and Council") of the State of New Hampshire (the "State") have received from the Business Finance Authority of the State of New Hampshire (the "Authority") its written recommendation that the Governor and Council make certain findings and determinations pursuant to RSA 162-A:18 with respect to a loan by the Authority to Belknap Economic Development Council (the "Borrower") in the principal amount of \$250,000 to provide loan capital to the expansion and retention of businesses in their region. (the "Loan");

WHEREAS, pursuant to the provisions of RSA Chapter 162-A, the Governor and Council is authorized to approve the recommendation of the Authority and to authorize and approve the Loan by the Authority upon the making of specific findings after public hearing;

WHEREAS, the Governor and Council will receive all the documentation and information with respect to the proposed Loan by the Authority; and

WHEREAS, further action by the Authority with respect to the proposed transaction is subject to the passage of this Resolution and cannot be taken until after its passage.

NOW, THEREFORE, it is hereby resolved that:

1. Findings and Determination: On the basis of the documentation and information received by the Governor and Council, after a public hearing, the Governor and Council find:
 - a. Special Findings:
 - I. The Loan in consistent with local or regional development plans or policies
 - b. General Findings:
 - I. The Loan that the Authority has proposed will serve a public use and provide a public benefit
 - II. The Loan that the Authority has proposed is within the policy of, and the authority conferred, by RSA Chapter 162-A
 - III. The Loan that the Authority has proposed will preserve or increase the social welfare or economic prosperity of the State and one or more of its political subdivisions, and will promote the general welfare of the State's citizens
 - IV. The Loan that the Authority has proposed will promote the orderly development of business activities, create or preserve employment opportunities, or protect the physical environment

2. Approval: Governor and Council approve the Loan by the Authority as recommended by the Authority and authorize the Authority to cause the execution and delivery of the loan documents substantially in the form submitted to Governor and Council and to take such further action as the act with respect to the transaction as may be required

3. Effective Date: This Resolution shall take effect upon its passage

Passed and agreed to November 18, 2020.

Governor Christopher T. Sununu

Councilor Michael J. Cryans

Councilor Andru Volinsky

Councilor Russell E. Prescott

Councilor Theodore L. Gatsas

Councilor Debora B. Pignatelli

Section 162-A:7

162-A:7 Aid to Local or Regional Development Organizations.

I. The authority may expend or loan money upon such terms and conditions as prescribed by the authority to acquire, develop, redevelop, construct, renovate, or expand real or personal property for business use. No expenditure or loan shall be made by the authority under this section unless it is with the approval of, or in cooperation with, a local development organization.

II. Prior to the expenditure or loan of any money under this section, the authority shall enter into one or more agreements with such organization to provide for the conditions on which the expenditures or loans will be made, the terms of repayment of such expenditure or loan, the time and manner of such repayment, conditions under which the property is to be used by or leased to one or more businesses, the form and amount of security if any, to be pledged to the authority for such repayment, and such other provisions as the authority may determine are necessary or desirable. Repayment of any expenditure or loan made by the authority may be with or without interest and may take the form of cash, real or personal property, or services.

III. Any property acquired, developed, redeveloped, constructed, renovated, or expanded under this section may be leased by the authority or the local development organization, as appropriate, for business use, and under such terms and conditions as they shall deem appropriate. Any such lease may include options of the lessee to purchase the property, provided that the purchase price upon the exercise of any such option shall not be less than the amount necessary to reimburse the authority, with interest if applicable, for any unpaid balance of expenditures made by the authority for such property. Any lease shall obligate the lessee to pay all costs and expenses of upkeep, maintenance and operation of the property during the lease term.

IV. The authority shall not expend or loan any money or make a binding commitment to spend any money for a particular project under this section unless after a hearing the governor and council have made the findings specified in RSA 162-A:18.

Source. 1992, 262:3. 1993, 335:5, eff. June 29, 1993.



New Hampshire Business Finance Authority

November 18, 2020

His Excellency, Governor Christopher T. Sununu and
The Honorable Council
State House
Concord, New Hampshire 03301

Loan from the Business Finance Authority to Belknap Economic Development Council pursuant to RSA 162A:7

Dear Governor and Council:

The purpose of this letter is to describe and explain the proposed loan from the Business Finance Authority of the State of New Hampshire (the "Authority") to Belknap Economic Development Council (the "Borrower") as recommended by the Authority, based upon information supplied by the Authority and the Borrower.

1. **Statutory Authority:** RSA 162-A:7 authorizes the Authority to expend or loan money to acquire, develop, redevelop, construct, renovate or expand real or personal property for business use with the approval of or in cooperation with a local development organization. The statute also provides that upon the Authority's recommendation, the Governor and Council may, after holding a public hearing and making certain findings, approve and authorize such a loan or expenditure of money by the Authority.
2. **Concept of the Aid to Local Development Organization Program:** The Authority has developed the Aid to Local Development Organization Program as a significant part of its programs intended to facilitate the growth and development of businesses within the state. In general, the program focuses on expending funds or making loans for projects identified by local development organizations as providing important opportunities for economic development within particular regions or communities of the State.
3. **Agreement with Local Development Organization:** RSA 162-A:7, II requires the Authority to enter into an agreement with a local development organization providing for the conditions upon which the expenditure or loan will be made.
4. **Description of the Transaction:** The Borrower is the Belknap Economic Development Council. The Authority recommends an approval of a Two Hundred and Fifty Thousand (\$250,000) revolving line of credit (the "Loan") which they will use to provide loan capital for the expansion and retention of businesses in their region.
5. **Terms of the Loan Documents:** The terms and conditions of the Loan are to be expressed in an agreement between the Authority and the Borrower and certain other loan documents. The agreement, which will be in substantially the form submitted to Governor and Council with this letter, will include the following terms and conditions:
 - a. **Promissory Note:** The Loan will be evidenced by a Promissory Note of the Borrower in the original principal amount of up to Two Hundred and Fifty Thousand (\$250,000). ***Financing for New Hampshire's Future***



Loan will bear interest at the variable rate of three-month LIBOR plus 2.00% with a floor set at 3.00%, adjusted quarterly. Interest will be billed monthly.

- b. Representations and Covenants of the Borrower: The agreement contains such provisions as the Authority has determined necessary and desirable in order to administer the loan, including without limitation, representations and warranties and covenants of the Borrower, indemnification of the Authority for the risks concerning any potential hazardous waste, the provision of payment of the Authority's costs and expenses, and the Authority's remedies upon default of the Borrower.
 - c. Security: The Borrower's obligations under the loan documents will be secured by a Security Agreement of the Borrower granting what would be a first security interest on the Borrower's existing loans.
 - d. Use of Proceeds: Proceeds of the Loan will be used only to finance the expansion and retention of businesses.
6. In Summary: Based upon the foregoing, all statutory requirements are embodied and implemented in the proposed transaction and loan documents.

Very truly yours,

BUSINESS FINANCE AUTHORITY

By: 

James Key-Wallace
Executive Director



New Hampshire Business Finance Authority

September 24, 2020

Mr. Justin Slattery,
Belknap EDC
383 South Main Street
Laconia, NH 03246

RE: Line of Credit

Dear Mr. Slattery,

The Business Finance Authority of the State of New Hampshire ("the Authority") has approved in principal the application submitted by the Belknap Economic Development Council (the "BEDC"), a local development organization (the "LDO"). Accordingly, the Authority is prepared to proceed with the discussions to make the loan described below (the "Loan") to BEDC under the Authority's Local Development Organization loan program, subject to the general terms and conditions set forth in this letter. This letter is an expression of the Authority's intent to recommend that the Governor and Council approve the Loan as described in this letter and upon such approval to make the Loan based only upon the information that the LDO has submitted. Any obligation to recommend Governor and Council's approval of the Loan, or to consummate the Loan, will arise only upon the satisfactory preparation, execution and delivery of documentation in form and substance satisfactory to the Authority.

In reaching its decision, the Authority has reviewed all information submitted in the application. We have acquired an understanding of BEDC's financial situation. Of course, as we proceed, we will require further information.

Policy Background:

The Authority has determined that the proposed transaction will serve to promote business development within the State by expanding the availability of credit within Belknap County and the surrounding regions. The Authority's commitment concerning the Loan reflects this fundamental determination that the proposed transaction will serve a public use and provide a public benefit.

The Authority was created to offer credit enhancements to struggling New Hampshire businesses. The LDO loan program established under RSA Chapter 162-A:10 is intended to do so indirectly by assisting local development organizations in promoting and developing business within the State. The statute provides that the Authority may make a loan only if the local development organization agrees to the use of the proceeds of the loan for the promotion, encouragement or development of business within the State, or a region or community of the State and in compliance with the terms and conditions upon which the Authority will make the loan. This letter is intended to outline the ways in which the Authority intends to meet these requirements.

Financing for New Hampshire's Future

2 Pillsbury Street, Suite 201, Concord, NH 03301
Tel: (603) 415-0190 Fax: (603) 415-0194 www.nhbfa.com

Terms of Loan Proposal:

I am authorized to report to you that the Authority has approved in principal BEDC's request, subject to and limited by the following terms and conditions:

Identification of Loan:

The Loan will establish a \$250,000 line of credit. The line of credit will be used to provide additional small business loans in BEDC's region of the state.

Terms of Repayment:

The Loan will be a revolving line of credit, payable on demand, and subject to an annual review. The Note will bear interest at the variable rate of three-month LIBOR plus 2.00% with a floor set at 3.00%, adjusted quarterly. Interest will be billed monthly, and the Authority can require at any time that the outstanding Loan balance be amortized over the shorter of the remaining loan term or the average remaining term of the loans collateralizing the Loan. Subject to any applicable law, the Authority reserves the right to apply payments received to BEDC's obligations in the manner chosen by the Authority in its sole discretion.

Security:

The Loan will be secured by the assignment of existing BEDC loans. Initial collateral coverage of at least 120% of the outstanding Loan balance will be required. Collateral coverage will be reviewed and adjusted quarterly.

Additionally, at closing the following loans will be collaterally assigned to the BFA:

- Boondox Pub, LLC
- Gilmanton Convenience
- Echobrook, LLC
- Rachael's Bakery
- Wayfarer Coffee

Disbursement:

Disbursement of Loan proceeds shall be subject to request by BEDC, approval by the Authority, and receipt of notice of assignment of the required notes.

Documents:

The Loan Agreement, Promissory Note, and Security Instruments to be drafted by counsel to the Authority shall contain such representations, warranties and covenants as are acceptable to the Authority. BEDC shall provide the Authority with

such other documents, agreements, reports and certificates the Authority may reasonably require.

LDO Agreement:

At or before the closing, the BEDC shall execute an agreement evidencing its approval of the Loan in accordance with RSA 162-A:7 II.

Further Investigations and Modification of Documents:

The Authority's obligation to make the Loan shall be subject to the Authority's review and approval to its satisfaction of all loan documents relating to the Loan and the proposed Loan collateral, evidenced by the Loan and all other loan documentation, including, without limitation, UCC search information, collateral value analysis, appraisals, environmental reports, governmental approvals, construction contracts, and financial statements of BEDC and also subject to the truth and accuracy of BEDC's representations in its loan application.

Authority Legal Expenses:

As a condition to proceeding, BEDC shall pay all reasonable legal counsel fees and expenses incurred in the evaluation, preparation and provision for the Authority's Loan, even if the transaction is not consummated.

Legal Opinion:

Counsel to the LDO shall provide opinions as to the due organization of the LDO and the power and due authority of the LDO to enter into the loan documents, the enforceability of the Loan documents and such other matters as the Authority may reasonably request, including compliance with applicable laws.

Approval:

As required by RSA 162-A:10, the Loan transaction may become effective only upon approval of the Governor and Council.

If BEDC wishes to proceed further to finalize the terms of this proposal, please sign and return this letter to us on or before 2:00 p.m. on October 24, 2020. As noted, any obligation to take action by the Authority will arise only upon satisfactory preparation, execution and delivery of documentation.

On behalf of the Authority, I look forward to working with the BEDC toward a successful financing transaction.

Sincerely,

Jeremy Stanizzi
Senior Credit Officer



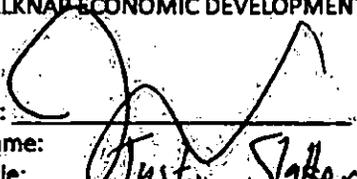
Agreed and Accepted:

BELKNAP ECONOMIC DEVELOPMENT COUNCIL

By:

Name:

Title:


Justin Slattery
Executive Director

Date:

10/9/20

October 23, 2020

Business Finance Authority of
the State of New Hampshire
2 Pillsbury Street, Suite 201
Concord, NH 03301

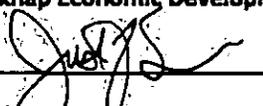
Loan to Belknap Economic Development Council

Ladies and Gentlemen:

This letter shall evidence our agreement concerning a proposed loan of the Business Finance Authority of the State of New Hampshire (the "Authority") to Belknap Economic Development Council (the "Borrower"), a local development organization, in the principal amount of up to Two Hundred and Fifty Thousand (\$250,000) revolving line of credit (the "Loan"). The Authority has issued to the Borrower its commitment to recommend that Governor and Council of the State of New Hampshire approve the Loan.

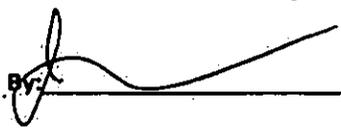
Belknap Economic Development Council has determined that the Loan would promote orderly development of business in Belknap County and is consistent with local and regional development plans and policies. In accordance with RSA 162-A:7, II we agree upon the terms and conditions of the Loan as described in the commitment letter attached hereto as Exhibit A. We understand that no loan will be consummated without approval of Governor and Council of the State of New Hampshire.

Belknap Economic Development Council

By: 

Business Finance Authority of the State of New Hampshire hereby agrees to recommend that Governor and Council approve the Loan as described above.

Business Finance Authority of the State of New Hampshire

By: 

James Key-Wallace
Executive Director

A RESOLUTION REQUESTING AUTHORIZATION FOR A LOAN BY THE BUSINESS FINANCE AUTHORITY OF THE STATE OF NEW HAMPSHIRE TO BELKNAP ECONOMIC DEVELOPMENT COUNCIL, A LOCAL DEVELOPMENT ORGANIZATION, PURSUANT TO THE AUTHORITY'S AID TO LOCAL DEVELOPMENT ORGANIZATIONS PROGRAM

I, the undersigned, HEREBY CERTIFY that the following are true and correct.

WHEREAS, THE BUSINESS FINANCE AUTHORITY OF NEW HAMPSHIRE (the "AUTHORITY") has been requested by Belknap Economic Development Council, a local development organization organized and existing under the laws of the State of New Hampshire (the "LDO"), to make a loan to a local development organization, organized and existing under the laws of the State of New Hampshire, in the principal amount of up to a Two Hundred and Fifty Thousand Dollars (\$250,000.00) revolving line of credit (the "Loan") to provide loan capital for the expansion and retention of businesses.

WHEREAS, the Credit Committee of the Board of Directors of the Authority has recommended that the Authority make the Loan in accordance with the terms and conditions presented to the Board pursuant to a Loan Agreement to be executed by the Lender and the Authority;

WHEREAS, the Authority took official action with respect to the Loans by passing a resolution on September 21, 2020;

WHEREAS, the Authority has been furnished with (a) information and materials about the Borrower and the Loan, (b) the proposed terms and conditions of the Loan, (c) certain financial information concerning the LDO; and (d) other information, materials and assurances deemed relevant by the Authority;

IT IS HEREBY RESOLVED THAT:

1. Factual Findings: On the basis of the information, materials and assurances received by the Authority and considered by it, the Authority finds:
 - a. The Loan would be evidenced by a line of credit with Belknap Economic Development Council (BEDC) existing loan. The note is to be secured by an assignment of existing BEDC loans.
 - b. The Lender would be the Business Finance Authority of the State of New Hampshire.
 - c. The Authority is authorized and empowered under RSA 162-A:7 to make loans recommended by local development organizations to finance the acquisitions of real or personal property.
 - d. The Loan will enable the LDO to further assist in the business development of Belknap county and the surrounding area.

2. Special Findings:
 - a. The Loan to be made by the Authority is consistent with local or regional development plans or policies.

3. General Findings:

- a. Making the Loan as proposed will serve a public use and provide a public benefit.
- b. Making the Loan as proposed is within the policy of, and the authority conferred by, RSA Chapter 162-A.
- c. Making the Loan as proposed will preserve or increase the social welfare or economic prosperity of the state and one or more of its political subdivisions, and will promote the general welfare of the state's citizens.
- d. Making the Loan as proposed will promote the orderly development of business activities, create or preserve employment opportunities, or protect the physical environment.

4. Determination and Recommendation: The Authority finds that making the Loan as proposed will serve a public use and provide a public benefit and determines that making the Loan as proposed will be within the policy of, and the authority conferred by the Act. The Authority recommends to His Excellency, the Governor, and The Honorable Council that they make findings and a determination similar to those set forth above, and for that purpose the Executive Director, Chairman, or Vice Chairman is authorized, empowered and directed to transmit to the Governor and Council copies of this resolution, the materials received by the Authority with respect to the Loan and any other documentation and information the Governor and Council may request.

5. Authorization of Agreement: The Authority hereby authorizes the execution and delivery of a letter of intent of the Authority by the Executive Director or the Senior Credit Officer of the Authority to the Lender, which letter of intent may propose the Loan by the Authority subject to the parameters, terms and conditions as presented to the Board by the Credit Committee. Subject to paragraph 6 below the Executive Director, Chairman or Vice Chairman is authorized, empowered and directed to execute and deliver a loan agreement on behalf of the Authority pursuant to the requirements of the Act which shall contain parameters, terms and conditions substantially consistent with those presented to the Board by the Credit Committee and the terms and conditions established by the Board, but subject to such changes and completion consistent with this resolution as the Executive Director, Chairman or Vice Chairman may approve, his signature being conclusive identification of the loan purchase agreement, and completed and authorized by this resolution.

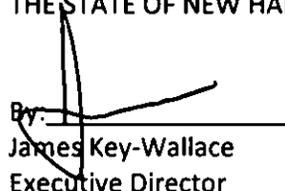
6. Actions Not to be Taken Until After Approval by Governor and Council: Except for the execution and delivery of the Authority's letter of intent by the Executive Director or the Senior Credit Officer of the Authority to the Lender, the actions authorized by paragraph 5 above shall not be taken until such time as Governor and Council have made the findings and determination required by the Act, it being the intent of the Authority that the various actions on its behalf which are authorized above are subject to the action of Governor and Council as required by the Act.

7. Other Actions by Officers: The Chairman, Vice Chairman, Executive Director, and Senior Credit Officer of the Authority are each authorized, empowered and directed to take all other actions and execute, deliver or receive such instruments and certificates as each of them may determine are necessary on behalf of the Authority in connection with the transactions authorized by the preceding paragraphs of this resolution, but subject in all events to paragraph 6 hereof.

8. Effective Date: This resolution shall take effect upon its passage.

IN WITNESS WHEREOF, I have set hereunto my hand and affixed the seal of the Business Finance Authority of the State of New Hampshire on this 18th day of November 2020.

BUSINESS FINANCE AUTHORITY
THE STATE OF NEW HAMPSHIRE

By: 
James Key-Wallace
Executive Director

SUMMARY OF REQUIRED STATUTORY FINDINGS OF THE GOVERNOR AND COUNCIL UNDER RSA 162-A:18

The materials appearing in quotations below are extracts from RSA 162-A:18. The complete text of RSA 162-A:18 is attached to this summary.

General Findings

- 1. "The proposed action will serve a public use and provide a public benefit."**

The proposed agreement by and between the Authority and the Borrower (the "Agreement") and the "Note" and the "Security Instruments", as defined in the Agreement contain commercially prudent financial safeguards and workable provisions designed to lessen the potential of the Authority's loss in the event of default by the Borrower. The Authority has determined that the proposed loan would enable Belknap Economic Development Council to further assist business development opportunity for the Belknap County region. The materials and information furnished and the findings described below support, and enable the making of, this general finding.

- 2. "The proposed action is within the policy of, and the authority conferred by, this chapter."**

The Agreement with Belknap Economic Development Council implements and incorporates all statutory requirements. The Authority, which is the agency responsible for administration of RSA 162-A, has determined that the proposed loan by the Authority is within the policy of, and the authority conferred by RSA Chapter 162-A. The materials and information furnished and the findings described below support, and enable the making of, this general finding.

- 3. "The proposed action will preserve or increase the social welfare of economic prosperity of the state and one or more of its political subdivisions, and will promote the general welfare of the state's citizens."**

The proceeds of the loan would be used by the Borrower to provide loan capital for the expansion and retention of businesses in the region.

- 4. "The proposed action will promote the orderly development of business activities, create or preserve employment opportunities, or protect the physical environment."**

The Borrower would utilize the loan capital to support expansion and retention of businesses in the area. The Authority has determined that the proposed loan would promote the orderly development of business activities, create or preserve employment opportunities, or protect the physical environment.

Special Findings

5. "The loan is consistent with local or regional development plans or policies."

The Borrower, a local development organization, has determined that the loan would provide business development in the Belknap County region. The Authority has determined that the loan is consistent with local or regional development plans or policies.